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EXCISE

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY CJ DATE 6/16/81
PORTIONS DENIED AS INDICATED

SUBJ: Shell Strategy for Dealing with OPEC Demands and Libya

EXDIS

1. Industry [redacted] sources have told us of package deal to deal with OPEC demands proposed by Shell which presently being discussed by oil companies. Plan calls for uniform increase in posted price arrangement such as tying it subject to some escalation/~~perhaps tied~~ to price ~~index~~ index index in industrialized countries. In addition, there would be a temporary increase in price of short haul crude subject to de-escalation when tanker rates return to normal. There would be no tax rate increase, no

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retroactivity, and mutual undertaking to abide by this agreement for a fixed period. Such package deal might be negotiated with OPEC countries collectively.

2. Libyans have demanded meeting with Occidental January 9, no doubt to attempt enforce latest demands. [redacted] contacting Occidental and other independent oil companies operating in ~~Libyan~~ Libya in attempt to encourage them to hold the line until Shell package deal can be surfaced publicly.

3. GP-3.

END.

B1, ED B1 B4

ROGERS

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